



Missouri Department of Elementary and Secondary Education

— Making a positive difference through education and service —

September 23, 2008

TO: School District Administrators

FROM: Gerri Ogle, Associate Commissioner, Administrative and Financial Services
Roger Dorson, Coordinator, School Administrative Services

RE: September Financial/Governance/Transportation Information

September Foundation Payment Calculations

The September Basic Formula payment, including Classroom Trust Fund, was calculated using the best data available for each district. Each month's calculation will be made using the best available data reported by the district to DESE.

One common data quality issue affecting a district's calculation is the lack of the 2008 summer school attendance data provided through the MOSIS August submission; therefore, the payment weighted average daily attendance for the district may not include a summer school component. The weighted average daily attendance value used in the formula calculation will change in some future month once the summer school attendance data have been submitted to DESE. *Please submit the 2008 summer school attendance data as soon as possible.*

It is important that the district compare DESE's calculations with those generated by the district. Please call or email School Finance (573-751-0357; webreplyadmsf@dese.mo.gov) with questions or concerns about the district's calculations.

2008-09 - Proposition C Sales Tax Payment Estimate - Revised

The 2008-09 Proposition C Sales Tax payment is paid on the 2007-08 weighted average daily attendance. To realize the projected Proposition C revenue stated in the 2008-09 budget is \$803,700,000, the actual Prop C revenue will need to increase 4% from the actual revenue in 2007-08. The sales tax distribution for July through September 2008 is approximately 4.6% lower than July through September 2007. Therefore, it appears unlikely that the revenue for FY09 will increase over FY08. Estimates were provided in June assuming no increase or a small increase. Estimates have now been added for decreasing revenue. Using a 2007-08 weighted average daily attendance estimate of 919,000, amounts per WADA have been estimated using various revenue scenarios:

	<u>Revenue Projection</u>	<u>Amount per WADA</u>
FY09 Appropriation Estimate	\$803,700,000	\$874
3% increase from FY08	\$796,004,615	\$866
2% increase from FY08	\$788,276,415	\$858
1% increase from FY08	\$780,548,215	\$849
No increase from FY08	\$772,820,015	\$841
1% decrease from FY08	\$765,091,815	\$832
2% decrease from FY08	\$757,363,615	\$824
3% decrease from FY08	\$749,635,415	\$816
4% decrease from FY08	\$741,907,214	\$807

An update to the FY09 estimate will be provided when better data are available.

September 2007 Membership Report to the Counties

Prior year September membership data (September 2007) are used by the county to calculate the 2008-09 distribution of Fines, Escheats, etc., as well as for the apportionment of State Assessed Railroad and Utilities revenue. A September membership report, which lists the membership data by district within the county as submitted to DESE by each district, will be transmitted to each county by September 30, 2008 and will be accessible on the School Finance website. The data provided to the counties will be the prior year (2007-08) data in Core Data as of approximately September 20, 2008.

Two September Membership reports are available on the web to school districts. To access these reports, log on to the DESE Web Applications Page located at <https://k12apps.dese.mo.gov/webapps/logon.asp> and then select Data Collection. Once in the Data Collection system, change the year to 2007-08 and select the Report Menu option from the upper-right dropdown box. Select Summary Reports. One report, the September Membership Comparison Report (SAR070R), compares September membership as reported by the district for the year selected and the prior year. The other report, September Membership Report (SAR080R), displays only the data for the year selected. Please review the membership data. If reporting errors are found, update the September 2007 membership on the WEB Core Data Screen 16. Remember, a change made to September membership may necessitate a corresponding change to enrollment. However, changes made to the September 2007 membership after September 20, 2008, may not be reflected in the report sent to the counties.

September 2008 Membership Count – Last Wednesday in September

The last Wednesday in September (September 24, 2008) is the membership count day and the enrollment count day. In the October Cycle MOSIS 2009 Student Core submission, individual student data are used to populate Core Data screen 16 to provide enrollment data by male/female in the appropriate categories and report the September 24, 2008, membership data by county. The Core Data Collection System Manual provides the definitions for September enrollment and membership. Please enter and save data on the October cycle screens by October 15, 2008.

Reminders regarding reporting of enrollment and membership for students attending districts outside their district of residence:

- 1) District paid tuition – When the district of residence pays another district full tuition, the district of residence will report the student in membership but not in enrollment. Such students are known as Resident II students to the district of residence. The district receiving the tuition and educating the student will report the student in non-resident enrollment but will not include the student in membership. The district educating the student must provide attendance and membership data to the district of residence.
- 2) Parent paid tuition – When a parent pays tuition for a student to attend another district, the district of residence will not report the student in enrollment or membership. The district receiving the tuition from the parent and educating the student will report the student in non-resident enrollment but will not include the student in membership.
- 3) Local effort – When a district pays local effort only (as opposed to full tuition) to another district for a student attending that district, the district paying the local effort will not report the student in enrollment or membership. The district receiving the local effort payment and educating the student reports the student in resident enrollment and in membership.

Attendance Reporting

Students must be in attendance in an instructional capacity under the direct supervision of a certificated employee of the district to be counted for attendance purposes. A district may have policies allowing an excused absence for various purposes such as illness, religious beliefs, testing, etc. However, there is no authority to give attendance credit for students not in attendance nor under the direct supervision of a certificated teacher.

The attendance of students taking a class in a zero (“0”) hour is not included in the attendance reported for state aid since that zero hour is not part of the district’s calendar hours in session.

Audit Reports

While state statutes do not require the 2007-08 school district audit reports to be submitted to DESE until October 31, 2009, the School Finance Section recommends the district send the 2007-08 audit report as soon as the school board has reviewed and approved it. Charter school audit reports are required to be submitted annually. Therefore, the charter school 2007-08 audit reports are due by October 31, 2008. A sixty-day extension is available and will be granted to any charter school requesting it. No extensions are allowed by state law beyond sixty days. Each district/school is responsible for sending School Finance a copy of the audit report, accompanying management letter (if one is issued by the independent auditor), and a copy of the board minutes indicating approval of the audit report.

Since many districts/schools will be receiving and reviewing their 2007-08 audit reports in the near future, please ensure the ending debt balances in the current year audit report (on the financial statements and/or in the Notes to the Financial Statements) agree to the June 30, 2008 Annual Secretary of the Board Report (ASBR) balances in Part IV, Long and Short Term Debt. It is also advisable to ensure the Notes to the Financial Statements agree to the debt reported on the financial statements in the audit report. Prior year reviews of these data have noted instances where the data on the financial statements in the audit reports are different than the data in the Notes section and/or on the district's ASBR. Any discrepancies in the 2007-08 audit report data should be resolved with the district's independent auditor. If changes are necessary to the ASBR, please revise and re-submit the ASBR as soon as possible.

Districts and charter schools should also review the Schedule of Selected Statistics and ensure the data reported on it are accurate. School Finance will perform comparisons between various figures on the Schedule of Selected Statistics with those reported on the ASBR and in Core Data and will send audit comparison letters to schools where differences fall outside of a set tolerance range. The figures included in the data comparisons are the student data counts, the transportation data, the at-risk expenditures, and the PDC expenditures. Verification of the data prior to submission of the audit report will minimize the number of audit comparison letters sent later in the year and will ensure more accurate basic formula and transportation payments to the districts.

Summer School – Formula Payment Adjustment

SB 287 (2005) included a provision for a reduction to a district's state aid during the seven years of the phase-in of the formula to any district whose summer school average daily attendance (ADA) in the current year was less than 85% of the district's 2005 summer school ADA. The legislature then modified the state aid reduction provision in SB 894 (2006). The exact language can be found in Section 163.031.4(7)(b), RSMo. The provisions applicable to the 2008 through 2011 summer school are:

- ♦ No reduction is applied to any district whose preceding year regular term ADA is equal to or less than 350.
- ♦ If 2008 summer school ADA < 65% of 2005 summer school ADA, then the dollar reduction is the percent reduction of summer school ADA in excess of 35% multiplied by the state aid received from the 2005 summer school.

An example of the calculation process for FY09 (2008 summer school) is:

District summer school ADA:

2005 summer school ADA = 100

2008 summer school ADA = 60 (decrease of 40 ADA, decrease of 40%)

District had a \$3.00 operating levy in 2005-06.

2005-06 revenue generated from 2005 summer school ADA:

Line 1 of 2005-06 formula (summer school ADA doubled)

1A $200 \times 2.75 \times 162,326 / 100 \times .86117987 = \$768,855$

1B $200 \times 0.25 \times 162,326 / 100 \times .81117987 = \$65,838$

Total Line 1 = \$834,693

FY09 Reduction Calculation:

$\$834,693 \text{ revenue} \times 5\% \text{ (percentage greater than 35\%)} = \$41,735$

Certificated Salary Compliance – 2007-08 and subsequent years

Effective in 2007-2008 the certificated salary compliance measure outlined in SB 287 (2005) is in place. These requirements are stated in Section 163.031.6, RSMo. To be in compliance, school districts must spend for certificated compensation costs at least the sum of:

- 1) 75% of Formula Money (excluding Classroom Trust Fund money);
- 2) 75% of one half of Proposition C; and,
- 3) as many dollars per weighted ADA from local and county tax sources as was spent the previous year. The first year base for local and county tax sources was established in 2006-2007. The local and county tax minimum per weighted ADA will change each subsequent year but cannot decrease from the previous year.

The placement requirements of 75% of Formula money and 75% of one half of Proposition C in the Teachers Fund are minimum amounts. Districts may place up to 100% of their Formula money and up to 100% of all their Proposition C money in the Teachers' Fund. Also, 100% of Fines and Escheats and 100% of Career Ladder state match are placed in the Teachers' Fund.

It is important to remember the following:

- 1) While Proposition C is coded as local revenue, it is not included in the local and county tax sources used in the Certificated Salary Compliance calculation of local effort since Prop C has a specific compliance requirement.
- 2) The revenue codes for local and county tax sources used in the Certificated Salary Compliance calculation are:
 - 5111-Current Taxes
 - 5112-Delinquent Taxes
 - 5114-Financial Institution Tax
 - 5115-M&M Surtax
 - 5116-In Lieu of Tax
 - 5117-City Sales Tax
 - 5221-State Assessed Railroad and Utilities
 - 5222-County Stock Insurance Fund
- 3) Local and county tax sources include not only transfers from the Incidental Fund to the Teachers' Fund but local and county revenue generated in the Teachers' Fund.

The Excel formula calculation tool includes a worksheet for certificated salary compliance. **This calculation tool was updated on July 17, 2008.** Entering the required data for 2006-07 and 2007-08 will help the district determine the minimum local and county tax money per weighted ADA required in 2007-08 and 2008-09, respectively.

If you have questions regarding Certificated Salary Compliance, please call or email School Finance (573-751-0357; webreplyadmsf@dese.mo.gov)

Minimum Salary Requirements

The minimum salary requirements established in Section 163.172.1, RSMo, are as follows:

<u>Year</u>	<u>Beginning Teacher</u>	<u>Masters Degree with 10 years experience</u>
2006-2007	\$22,000	\$30,000
2007-2008	\$23,000	\$31,000
2008-2009	\$24,000	\$32,000
2009-2010	\$25,000	\$33,000

All teachers are to receive at least their FTE proration of the applicable state minimum salary. Teachers include study hall teachers, in-school suspension teachers, and all others for whom the students' hours are included in the average daily attendance calculation for state aid.

The penalty for noncompliance with the minimum salary requirements of Section 163.172, RSMo, is stated in Section 163.021.3, RSMo. The statutory penalty for noncompliance is a reduction of the Basic Formula to the 1993-94 amount per eligible pupil.

Therefore, it is important that each district ensures compliance with the minimum salary requirements. Questions on specific situations may be directed to the School Finance staff at (573) 751-0357.

SCHOOL GOVERNANCE

School Calendar—Senate Bill 64

Senate Bill 64 (2007) requires that school districts include in their annual calendar six makeup days for loss of attendance due to inclement weather. School districts are required to make up the first six days of school lost or canceled due to inclement weather and half the number of days lost or canceled in excess of six days. Excessive heat is excluded from the definition of inclement weather.

SCHOOL TRANSPORTATION

Ridership Lists

On October 8, 2008 (the second Wednesday in October), the compilation of the school district's first ridership list for the year should be completed. This list should only include students' names who regularly rode the buses (at least once per week) living both one mile or more from school (eligible students for state aid) and less than one mile (ineligible students for state aid). The ridership list from the second Wednesday of October will be combined with the ridership list from the second Wednesday of February (February 11, 2009) and reported at the end of the year on the Application for State Transportation Aid (Section I Pupil Data - A thru F) of the 2008-09 Annual Secretary of the Board Report (ASBR) due August 15, 2009.

DESE Homepage Address: <http://dese.mo.gov>